

Message Text

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ACTION EB-08

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E.O. 11652: N/A

TAGS: EAIR, FI

SUBJECT: FINNAIR APPLICATION TO CAB FOR EXTENSION OF AIR CHARRIER
RIGHTS TO INCLUDE HELSINKI-SEATTLE-SAN FRANCISCO

1. SUMMARY: FINNAIR'S PRESIDENT, GUNNAR KORHONEN,
CALLED ON AMBASSADOR RIDGWAY ON MARCH 3 TO DISCUSS FINNAIR
EFFORTS TO GAIN CAB APPROVAL FOR TWICE WEEKLY
AIR SERVICE HELSINKI-SEATTLE-SAN FRANCISCO. NOW
THAT REALLOCATION OF ROUTES AMONG US AIR CARRIERS HAS BEEN
COMPLETED, KORHONEN INTENDS TO VISIT THE US IN LATE
MARCH OR EARLY APRIL TO REVIVE FINNAIR'S DORMANT APPLICATION.
KORHONEN PLANS CALL ON STATE, CAB, AND OFFICES OF
SENATOR MAGNUSON AND JACKSON. HE INDICATED PLANS TO PUR-
CHASE BOEING WIDE-BODIED AIRCRAFT NOW UNDER DEVELOPMENT.
END SUMMARY.

2. ON MARCH 3, GUNNAR KORHONEN, PRESIDENT OF FINNAIR, AND
RISTO OJANEN, VICE PRESIDENT, MARKETING, MET AT THEIR REQUEST
WITH AMBASSADOR RIDGWAY TO REVIEW FINNAIR'S PLANS TO SEEK CAB
APPROVAL FOR A NEW AIR ROUTE, HELSINKI TO SAN FRANCISCO
VIA SEATTLE. KORHONEN SAID HE BELIEVES THAT THE
TIME IS RIPE TO REOPEN THE ISSUE NOW THAT REALLOCATION OF
ROUTES AMONG US AIR CARRIERS HAS BEEN COMPLETED. HE
ARGUED THAT FINNAIR'S APPLICATION IS IN LINE WITH
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THE ADMINISTRATION'S SUPPORT FOR EXPANDED AIR SERVICE
AND INCREASED AIR FARE COMPETITION TO THE ULTIMATE
BENEFIT OF THE US CONSUMER. KORHONEN ALSO NOTED
THAT FINNAIR IS REQUESTING ONLY TWO TRIPS WEEKLY ON
THIS NEW ROUTE AND THAT DC-8 EQUIPMENT WOULD BE
USED. HE COMPARED THIS WITH THE MUCH MORE EXTENSIVE
WEST COAST RIGHTS GRANTED TO SAS, WITH A CAPACITY SEVEN

TIMES LARGER THAN THAT SOUGHT BY FINNAIR.

3. REBUTTING THE VIEW SET FORTH IN THE DEPARTMENT OF STATE NOTE OF MARCH 9, 1977 , TO THE FINNISH EMBASSY THAT THERE WAS NO ECONOMIC BASIS FOR GRANTING FINNAIR'S REQUEST, KORHONEN ESTIMATES THAT TRAFFIC BETWEEN THE WEST COAST AND FINLAND CURRENTLY NUMBERS ABOUT 18-22 THOUSAND AIR PASSENGERS PER YEAR. THIS TRAFFIC IS MOVING MAINLY VIA CHARTERS, ON SCHEDULED SERVICE OF THIRD-COUNTRY CARRIERS (SAS, BA, LH) AND TO A LIMITED EXTENT ON US FLAG CARRIERS VIA LONDON. KORHONEN MAINTAINED THAT THIS PASSENGER BASE, CALCULATED LARGELY FROM US TRAVEL SERVICE STATISTICS, IS MORE FAVORABLE THAN THAT FROM WHICH FINNAIR COMMENCED ITS HELSINKI-NEW YORK ROUTE. ON THE ISSUE OF FIFTH AND SIXTH FREEDOM TRAFFIC KORHONEN PRESENTED FIGURES WHICH INDICATE THAT SUCH TRAFFIC HAS REMAINED A SMALL COMPONENT OF TOTAL HELSINKI-NEW YORK TRAFFIC WHILE PASSENGER BOOKINGS HAVE INCREASED STEADILY.

4. KORHONEN CALLED ATTENTION TO THE BALANCE OF TRADE BETWEEN THE US AND FINLAND, WHICH IN THIS DECADE HAS BEEN IN FAVOR OF THE US. HE STRESSED FINNAIR'S SIZEABLE PURCHASES OF US (MCDONNELL DOUGLAS) AIRCRAFT AND PLANS TO CONTINUE SUCH PURCHASES (INCLUDING THE BOEING WIDE-BODIED AIRCRAFT COMPARABLE TO THE LIMITED OFFICIAL USE

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AIRBUS THAT IS NOW UNDER DEVELOPMENT).

5. KORHONEN PLANS TO CALL AT STATE (EB/OA AND EUR/NE), CAB, AND THE OFFICES OF SENATORS MAGNUSON AND JACKSON. WITH CAB HE IS PREPARED TO DISCUSS FIFTH AND SIXTH FREEDOM ISSUE. THE EMBASSY IS TRANSMITTING COPIES OF KORHONEN'S LETTER TO THE AMBASSADOR AND ENCLOSURES CONTAINING DISCUSSION AND STATISTICS TO EB/OA (STYLES) AND EUR/NE (BOODMAN).

6. AMBASSADOR RIDGWAY AGREED TO BRING FINNAIR'S VIEWS TO THE ATTENTION OF APPROPRIATE WASHINGTON AGENCIES AND INFORM WASHINGTON OF KORHONEN'S TRAVEL PLANS. THE AMBASSADOR NOTED THAT WHILE BILATERAL TRADE AND IN PARTICULAR FINLAND'S PAST AND PLANNED PURCHASE OF US AIRCRAFT WERE IMPORTANT COMMERCIAL POLICY CONCERNS FOR THE US GOVERNMENT, THE CAB'S DECISIONMAKING PROCESS WAS MORE NARROWLY FOCUSED.

7. COMMENT: FINNAIR PLANS TO PURSUE AIR TRAFFIC RIGHTS TO THE WEST COAST VIGOROUSLY,CAN COUNT ON STRONG SUPPORT FROM THE FINNISH GOVERNMENT. THIS

QUESTION IS LIKELY TO BECOME VERY PROMINENT, AND
IT WILL BE HELPFUL IF THE AGENCIES CONCERNED ARE IN A
POSITION TO DISCUSS THE ISSUES INVOLVED FULLY WITH
KORHONEN.

RIDGWAY

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